



REPORT OF THE AUDIT DEPARTMENT
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 2004-1-E

CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.

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ANALYSIS

The Audit Department Staff has made an examination of the books and records of Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (hereinafter referred to as "the Company") relative to the Commission's requirement under Docket No. 2004-1-E, that periodic hearings be conducted before the Commission concerning the Adjustment of Base Rates for Fuel Costs.

The current investigation of the Company's Retail Fuel Adjustment Clause covered the period January 2003 through March 2004. Since the current hearing is scheduled for March 2004, Staff's audit consisted of actual fuel costs for the period January 2003 through December 2003 and projected fuel costs for January, February and March 2004. Staff's computations of the Deferred Fuel Entries (Exhibit G) for the months of January, February and March were estimated for the purpose of adjusting base rates effective April 1, 2004. The January, February and March 2004 estimates will be trued-up in the Company's next hearing.

The Audit Department Staff's examination consisted of the following:

1. Analysis of Fuel Stock Account - Account # 151
2. Sample of Receipts to the Fuel Stock Account --Account #151
3. Verification of Charges to Nuclear Fuel Expense --- Account # 518
4. Verification of Purchased Power and Interchange (Net)
5. Verification of KWH Sales
6. Comparison of Coal Costs
7. Recomputation of Fuel Costs Adjustment Factor and Verification of Unbilled Revenue
8. Recomputation of True-up for Over (Under) - Recovered Fuel Costs
9. Analysis of Spot Coal Purchasing Procedures

ANALYSIS OF FUEL STOCK ACCOUNT - ACCOUNT # 151

Staff's analysis of the Fuel Stock Account consisted of tracing receipts to and issues from the fuel management system to the General Ledger, reviewing monthly journal entries originating in fuel accounting, and ensuring that only proper charges are entered in the Company's computation of fuel costs for purposes of adjusting base rates for fuel costs.

SAMPLE OF RECEIPTS TO THE FUEL STOCK ACCOUNT-- ACCOUNT #151

Staff's sample of receipts to the Fuel Stock Account consisted of randomly selecting transactions, tracing each of these transactions to a waybill and a purchase order for documentation purposes, and recalculating the transactions to insure mathematical correctness.

VERIFICATION OF CHARGES TO NUCLEAR FUEL EXPENSE - ACCOUNT # 518

Staff verified expense amounts to the Company's General Ledger. The expenses were also verified to the monthly fuel reports filed by the Company with this Commission.

ANALYSIS OF PURCHASED POWER AND INTERCHANGE (NET)

Staff performed an examination of the Company's purchased power and interchange (net) amounts used in the Fuel Adjustment Clause (FAC) for the period January 2003 through December 2003.

Staff obtained the detail of the purchases and sales made by Carolina Power and Light Company d/b/a Progress Energy Carolinas, Inc. to and from other electric utilities. Staff verified the amounts that are being used in computing total fuel costs for each month. These details allowed the Staff to identify fuel costs that are being passed through the clause in computing the factor above or below the base for each period. See Staff's Exhibit F for details.

Staff's Purchased Power figures for January 2003 through December 2003 and the resultant over (under)-recovery monthly deferred fuel amounts for January 2003 through December 2003 reflects Staff's compliance with the recently revised section of the S.C. Fuel Statute (updated as of February 2004). This Statute addresses "fuel costs related to purchased power". Section 7 (2)(b) of the revised Statute stated that the delivered cost of economy purchases, including transmission charges, could be included in Purchased Power Costs if those type of purchases were proven to be "less than the purchasing utility's avoided variable costs for the generation of an equivalent quantity of electric power". After Staff applied this revised Statute to the examined economic purchases along with the applicable avoided costs, Staff's adjustment to Purchased Power Costs, on a total system basis, totaled \$ 6,806,574. As mentioned previously, according to the new Statute section, transmission

charges could be included in the delivered cost of economy purchases. It should be noted that because of the current revisions to the S.C. Fuel Statute just recently passed in February 2004, the Company was not able to provide Staff with all of the transmission charges, as well as their source documents, that could have been applicable to the Company's economy transactions. However, the Audit Staff did examine and include economy purchases' transmission charges totaling \$ 13,545,364. Also, based on the new Statute section, after comparing the economy purchases (with the additions, when available, of transmission charges) to the Company's applicable avoided costs, Staff's avoided costs adjustment totaled (\$ 6,738,790). This figure reflects the usage of an avoided cost as a lesser price, at that point in time, over a purchase price. Staff examined the Company's monthly avoided cost figures and based on a comparison against the Company's economy purchases, Staff's avoided cost adjustment totaled (\$ 6,738,790). Therefore, the net effect, as mentioned previously on a total system basis to Purchase Power Costs is \$ 6,806,574, { \$ 13,545,364 + (\$ 6,738,790) }.

Furthermore, PSC Order No. 90-961, Docket No. 90-004-E, dated October 18, 1990, directed Staff to examine the Company's non-firm, off-system sales. Accordingly, Staff traced the sales and purchases transactions for January 2003 through December 2003 to the Company's sales and purchases monthly reports and invoices. Staff recomputed the sales and purchases.

In accordance with Public Service Commission Order No. 90-961, Docket No. 90-004-E, dated October 18, 1990, Staff will continue to review the Company's non-firm, off-system transactions during future audits.

VERIFICATION OF KWH SALES

The Audit Department Staff reconciled the KWH sales as reported to the Commission through monthly fuel adjustment filings.

COMPARISON OF COAL COSTS

Staff prepared exhibits from Carolina Power and Light Company d/b/a Progress Energy Carolinas books and records reflecting coal costs during the review period. Specifically, these exhibits are as follows:

Exhibit A - COAL COST STATISTICS

Exhibit B - RECEIVED COAL-COST PER TON (PER PLANT)

Exhibit C - RECEIVED COAL-COST PER TON COMPARISON

With reference to Exhibit A, Coal Cost Statistics, Staff has shown a detailed analysis of spot and contract coal for the twelve (12) months ended December 2003. Also, in Exhibit A, the Weighted Average of Coal Received is reflected for the twelve-month period. Total costs for the twelve-month period were divided by the total tons for the twelve-month period in arriving at the average.

In Exhibit B, Received Coal-Cost Per Ton (Per Plant), Staff reflects the overall cost per ton of coal by month per plant.

In Exhibit C, Received Coal-Cost Per Ton Comparison, Staff reflects the overall cost per ton of coal by month for the three major electric utilities regulated by this Commission.

RECOMPUTATION OF FUEL COSTS ADJUSTMENT FACTOR AND

VERIFICATION OF UNBILLED REVENUES

Staff recomputed the Fuel Costs Adjustment Factor for the months of January 2003

through December 2003.

RECOMPUTATION OF TRUE-UP FOR OVER (UNDER)-RECOVERED FUEL COSTS

Staff analyzed the cumulative (under)-recovery of fuel costs that the Company had incurred for the period January 2003 through December 2003 totaling (\$6,038,891). Staff added the projected (under)-recovery of (\$ 675,055) for the month of January 2004, the projected over-recovery of \$ 484,488 for the month of February 2004, and the projected over-recovery of \$ 203,989 for the month of March 2004 to arrive at a cumulative (under)-recovery of (\$6,025,469) as of March 2004. The Company's cumulative (under)-recovery, per its testimony in Docket No. 2004-1-E, as of December 2003 totals (\$6,038,886) and as of March 2004, the cumulative (under)-recovery totals (\$6,025,464). As mentioned previously, Staff's Purchased Power figures for January 2003 through December 2003, and the resultant over/(under)-recovery monthly amounts for January 2003 through December 2003 reflects Staff's compliance with the recently revised section of the S.C. Fuel Statute. Staff notes that on a total system basis, there are no differences between the Company's and the Staff's Purchased Power Costs. Also, on a S.C. jurisdictional basis, the difference between the Company's and the Staff's cumulative (under)-recovery balances as of actual December 2003 and as of estimated March 2004 is minimal (\$ 5.00).

As stated in Carolina Power & Light Company d/b/a Progress Energy Carolinas' S.C. Retail Adjustment for Fuel Costs Rider, fuel costs will be included in base rates to the extent determined reasonable and proper by the Commission.

Accordingly, the Commission should consider the (under)-recovery of (\$6,025,469) along

with the anticipated fuel costs for the period April 1, 2004 through March 31, 2005 for the purpose of determining the base cost of fuel in base rates effective April 1, 2004. The (\$6,025,469) (under)-recovery figure was provided to the Commission's Utilities Department.

ANALYSIS OF SPOT COAL PURCHASING PROCEDURES

The Audit Staff examined the procedure followed by the Company's fossil fuel area, the Fossil Fuels Department, for obtaining and accepting bids on spot coal. The Fossil Fuels Department maintains a list of coal vendors (suppliers) from whom bids are solicited as needed. When bids are requested, the Fossil Fuels Department's procurement section mails each of these coal vendors a Coal Quotation Form and letter requesting bids. In order for a coal vendor's name to be on this mailing list, the coal vendor must possess the necessary financial, technical, and business resources to supply coal consistent with the Company's requirements.

The Coal Quotation Forms provide such information as the name of the coal company (the supplier), the name of the producer, the name of the mine, the number of tons offered, coal specifications, price per ton, the month(s) the shipment will be made, mining methods of the producer and shipping transportation data. It should be noted that these solicitation letters and Coal Quotation Forms, based on whether a coal vendor has any coal to sell, are sent to the suppliers when there are near-term needs (one to twelve months) for coal.

If the Company decides to purchase spot coal in a given month, after reviewing their spot coal requirements, then all the bids received are evaluated. The Company normally requires all bids to be made on Coal Quotation Forms or are OTC bids. For evaluation purposes, an economic analysis is performed and then an optimization model is run. This is in addition to recommending the distribution of the coal to the plants to ensure compliance to sulfur limitations

imposed by State and Federal regulations, as well as to exclude any coal that may exceed other environmental and generating unit constraints.

The Company's coal procurement personnel consider at least three factors when they evaluate the coal bids: (a) cost of the delivered coal on a cents/mmmbtu basis, (b) the BTU, ash, moisture, volatiles, grindability, ash softening temperature, and sulfur content of the coal offered, and (c) the past performance of the supplier and the coal obtained from the producer. The Company's coal procurement personnel determine the current market price for coal prior to negotiating with the coal vendors over their bids. In this way, the coal procurement personnel determine the limits they should stay within when bargaining for coal. The coal procurement personnel bargain over the price of the coal as well as other possible terms and conditions of a prospective purchase, and either accepts or rejects the coal vendor's offer or the Company may make a counter-offer to the vendor's offer.

Upon agreement on a coal purchase, the Fossil Fuels Department executes a contract. Both parties sign the contract. The coal vendor takes samples of coal according to ASTM Standards. The samples are sent to an independent fuel laboratory which analyzes each spot coal shipment for BTU, ash, moisture and sulfur content, and periodically analyzes coal for volatiles, grindability, and ash softening temperature. The coal analysis results are entered into the computerized Fuel Management System, which is used by the Fossil Fuels Department to monitor coal receipts and to process coal payments. The appropriate premium or penalty on the coal purchased is determined by the Fossil Fuels Department through the Fuel Management System which adds a premium or assesses a penalty to the total amount due to the coal vendor, and the results are forwarded to the Company's Accounting Department. The Fossil Fuels

Department closely monitors the quality and reliability of coal shipped by various producers. If a certain producer renders poor performance, the coal procurement personnel consider this when analyzing any future offers received from the supplier.

Occasionally, the Fossil Fuels Department receives unsolicited bids for the purchase of coal. The same procedure is used when evaluating the offer, determining the need for spot coal, purchasing, sampling, and assessing penalties or premiums.

The Company's spot coal requirements are obtained through short-term commitments with terms that may range from one month to twelve months duration.

During the review period of January 2003 through December 2003, the Company accepted 46 of 72 total spot bid requests. The actual amount of spot coal received for this period is reflected in Staff's Exhibit A.

EXHIBITS

The Audit Department Staff's exhibits relative to this proceeding are identified as follows:

EXHIBIT A: COAL COST STATISTICS (AND WEIGHTED AVERAGE OF COAL RECEIVED)

In Exhibit A, Coal Cost Statistics, Staff compares spot and contract coal received for the period January 2003 through December 2003. The comparison is made in five (5) areas as follows:

- (1) Tons Received
- (2) Percentage of Total Tons Received
- (3) Received Cost Per Ton
- (4) Total Received Cost
- (5) Cost Per MBTU

This exhibit also reflects the total spot and contract tons received during the period January 2003 through December 2003. Staff has taken the total received cost for the twelve (12) months and divided this by the total tons for the twelve (12) months in arriving at a Weighted Average Cost per ton for the twelve (12)-month period.

EXHIBIT B: RECEIVED COAL-COST PER TON (PER PLANT)

This exhibit reflects the received cost per ton by month for each of Carolina Power and Light Company d/b/a Progress Energy Carolinas, Inc.'s plants.

EXHIBIT C: RECEIVED COAL-COST PER TON COMPARISON

In Exhibit C, Received Coal-Cost Per Ton, Staff has made a comparison of received coal - cost per ton for Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., Duke Power Company and South Carolina Electric & Gas Company. The costs per ton reflected for the coal purchases were extracted from fuel costs data from all three major electric utilities.

EXHIBIT D: COAL FUEL STOCKS—NUMBER OF DAYS OF SUPPLY (ALL PLANTS)

This exhibit reflects Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.'s coal inventory in terms of tons received, consumed, and on hand at the end of the month. The number of days of supply is also shown.

EXHIBIT E: TOTAL BURNED COST (FOSSIL AND NUCLEAR)

This exhibit shows fuel costs burned by type during the period January 2003 through December 2003, including emission allowance costs.

EXHIBIT F: COST OF FUEL

In Exhibit F, Staff has computed the total fuel cost applicable to the factor computation. There are three (3) components used in arriving at this cost. These components are as follows:

- (1) Cost of Fuel Burned
- (2) Purchase and Interchange Power Cost
- (3) Fuel Cost Recovered-Intersystem Sales

Cost of Fuel Burned---This amount is the burned cost of all fossil and nuclear fuel burned during the period. The costs associated with emission allowances are also reflected. A detail breakdown of coal, oil, gas, emission allowances and nuclear fuel can be seen in Exhibit E.

Purchase and Interchange Power Cost--- This amount is the monthly kilowatt hours delivered to or received by one electric utility from another electric utility.

Fuel Cost Recovered Intersystem Sales --- These are sales amounts decreasing the total fuel cost.

Total fuel cost applicable to the factor is computed by adding the cost of fuel burned to purchase and interchange power less fuel cost recovered-intersystem sales.

EXHIBIT G: S.C. FUEL COSTS COMPUTATION

Shown in this exhibit are the actual costs for January 2003 through December 2003 and the estimated fuel costs for January, February and March 2004.

Based on the Audit Staff's examination of Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.'s books and records, a comparison of fuel costs among utilities and the utilization of the fuel costs recovery mechanism as directed by this Commission, the Audit Staff is of the opinion that the Company has complied with the directives of the Commission.

CAROLINA POWER AND LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.
COAL COST STATISTICS
JANUARY 2003 - DECEMBER 2003
SPOT

<u>MONTH</u>	<u>TONS RECEIVED</u>	<u>PERCENTAGE</u>	<u>COST/TON RECEIVED</u>	<u>TOTAL RECEIVED COST</u>	<u>\$/MBTU</u>
	<u>TONS</u>	<u>%</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Jan-03	64,869.81	7.48%	40.57	2,631,964.31	1.6048
Feb-03	114,106.31	15.24%	42.20	4,815,250.55	1.6954
Mar-03	235,631.01	21.92%	43.79	10,319,161.58	1.7649
Apr-03	379,020.64	33.27%	45.83	17,369,034.44	1.8351
May-03	403,182.00	36.19%	44.88	18,095,654.88	1.8007
Jun-03	330,102.07	32.68%	45.78	15,112,831.32	1.8371
Jul-03	297,668.76	32.02%	46.77	13,923,340.29	1.8690
Aug-03	368,366.31	37.26%	45.37	16,712,323.70	1.8189
Sep-03	241,868.80	29.10%	46.61	11,273,928.52	1.8656
Oct-03	322,318.58	30.77%	47.09	15,177,718.63	1.8826
Nov-03	342,760.30	51.26%	48.39	16,587,482.63	1.9604
Dec-03	290,018.37	32.90%	47.03	13,640,861.43	1.9101
Totals (1/03 - 12/03)	<u>3,389,912.96</u>			<u>155,659,552.28</u>	

CONTRACT

<u>MONTH</u>	<u>TONS RECEIVED</u>	<u>PERCENTAGE</u>	<u>COST/TON RECEIVED</u>	<u>TOTAL RECEIVED COST</u>	<u>\$/MBTU</u>
	<u>TONS</u>	<u>%</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Jan-03	802,738.74	92.52%	50.20	40,294,518.99	2.0224
Feb-03	634,593.67	84.76%	49.47	31,390,515.35	1.9902
Mar-03	839,201.71	78.08%	49.44	41,493,661.09	1.9808
Apr-03	760,126.57	66.73%	49.24	37,427,015.37	1.9741
May-03	710,832.06	63.81%	49.96	35,509,970.02	2.0008
Jun-03	680,017.89	67.32%	49.30	33,523,982.00	1.9713
Jul-03	631,900.99	67.98%	49.97	31,575,326.34	1.9867
Aug-03	620,139.61	62.74%	49.90	30,942,104.58	1.9977
Sep-03	589,319.76	70.90%	49.67	29,270,976.34	1.9927
Oct-03	725,299.09	69.23%	48.49	35,172,509.11	1.9385
Nov-03	325,965.30	48.74%	61.17	19,939,884.95	2.4801
Dec-03	591,474.02	67.10%	50.80	30,047,999.94	2.0275
Totals (1/03 - 12/03)	<u>7,911,609.41</u>			<u>396,588,464.08</u>	

COMBINED

<u>MONTH</u>	<u>TONS RECEIVED</u>	<u>PERCENTAGE</u>	<u>COST/TON RECEIVED</u>	<u>TOTAL RECEIVED COST</u>	<u>\$/MBTU</u>
	<u>TONS</u>	<u>%</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Jan-03	867,608.55	100.00%	49.48	42,926,483.30	1.9906
Feb-03	748,699.98	100.00%	48.36	36,205,765.90	1.9453
Mar-03	1,074,832.72	100.00%	48.21	51,812,822.67	1.9337
Apr-03	1,139,147.21	100.00%	48.10	54,796,049.81	1.9278
May-03	1,114,014.06	100.00%	48.12	53,605,624.90	1.9285
Jun-03	1,010,119.96	100.00%	48.15	48,636,813.32	1.9276
Jul-03	929,569.75	100.00%	48.95	45,498,666.63	1.9491
Aug-03	988,505.92	100.00%	48.21	47,654,428.28	1.9311
Sep-03	831,188.56	100.00%	48.78	40,544,904.86	1.9556
Oct-03	1,047,617.67	100.00%	48.06	50,350,227.74	1.9213
Nov-03	668,725.60	100.00%	54.62	36,527,367.58	2.2136
Dec-03	881,492.39	100.00%	49.56	43,688,861.37	1.9893
Totals (1/03 - 12/03)	<u>11,301,522.37</u>			<u>552,248,016.36</u>	

Total Received Cost	=	\$	552,248,016.36	=	\$	48.86
Total Tons Received			11,301,522.37			

AUDIT EXHIBIT B

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.
 RECEIVED COAL-COST PER TON (PER PLANT)
 JANUARY 2003 - DECEMBER 2003

<u>PLANT</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUGUST</u>	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CAPE FEAR	42.47	42.63	42.03	47.51	48.17	47.52	47.50	48.70	49.18	46.60	45.83	48.51
WEATHERSPOON	54.72	52.76	53.78	49.13	53.26	48.25	49.38	47.93	0.00	52.67	38.89	52.98
LEE	43.20	42.01	47.52	47.93	45.25	45.12	46.00	43.27	47.97	46.26	48.06	46.88
SUTTON	52.38	51.28	47.12	41.59	45.66	45.70	49.59	44.86	45.87	42.65	60.14	55.63
ROBINSON	47.27	45.84	45.35	45.25	42.56	47.59	46.66	44.28	42.44	43.59	43.43	50.20
ASHEVILLE	45.78	44.42	40.11	42.10	42.04	42.00	42.18	42.31	43.24	42.89	45.70 (1)	49.52
ROXBORO 1-3	51.64	49.27	49.23	49.24	48.34	48.34	49.11	50.27	49.79	49.97	40.81	48.97
ROXBORO 4	50.05	49.10	48.77	51.85	52.43	51.67	51.40	51.79	51.35	49.73	53.37 (1)	49.34
MAYO	50.25	51.18	51.94	50.96	52.38	51.93	52.20	51.26	51.72	72.16	52.10	50.02
TOTAL	49.48	48.36	48.21	48.10	48.12	48.15	48.95	48.21	48.78	48.06	54.62	49.56

(1) Before Aerial Survey Inventory Adjustment

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.
RECEIVED COAL-COST PER TON COMPARISON
JANUARY 2003 - DECEMBER 2003

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.

<u>MONTH</u>	<u>INVOICE COST</u>	<u>FREIGHT</u>	<u>TOTAL COST</u>	<u>COST PER MBTU</u>
	<u>PER TON</u>	<u>COST PER</u>	<u>PER TON</u>	
	\$	TON	\$	
Jan-03	33.25	16.23	49.48	1.9906
Feb-03	31.94	16.41	48.35	1.9453
Mar-03	31.81	16.40	48.21	1.9337
Apr-03	32.40	15.70	48.10	1.9278
May-03	32.07	16.05	48.12	1.9285
Jun-03	32.42	15.73	48.15	1.9276
Jul-03	32.79	16.16	48.95	1.9491
Aug-03	33.14	15.07	48.21	1.9311
Sep-03	33.12	15.66	48.78	1.9556
Oct-03	32.65	15.41	48.06	1.9213
Nov-03	36.58	18.04	54.62	2.2136
Dec-03	33.22	16.34	49.56	1.9893

DUKE POWER COMPANY

<u>MONTH</u>	<u>INVOICE COST</u>	<u>FREIGHT</u>	<u>TOTAL COST</u>	<u>COST PER MBTU</u>
	<u>PER TON</u>	<u>COST PER</u>	<u>PER TON</u>	
	\$	TON	\$	
Jan-03	26.77	15.59	42.36	1.7141
Feb-03	17.40	15.44	32.84	1.3458
Mar-03	25.96	15.75	41.71	1.6955
Apr-03	26.53	13.57	40.10	1.6380
May-03	26.33	14.46	40.79	1.6641
Jun-03	25.83	15.69	41.52	1.6933
Jul-03	27.38	15.79	43.17	1.7499
Aug-03	30.10	15.10	45.20	1.8240
Sep-03	29.35	15.07	44.42	1.8018
Oct-03	30.84	15.39	46.23	1.8679
Nov-03	29.47	14.99	44.46	1.7991
Dec-03	30.90	15.89	46.79	1.8974

SOUTH CAROLINA ELECTRIC & GAS COMPANY

<u>MONTH</u>	<u>INVOICE COST</u>	<u>FREIGHT</u>	<u>TOTAL COST</u>	<u>COST PER MBTU</u>
	<u>PER TON</u>	<u>COST PER</u>	<u>PER TON</u>	
	\$	TON	\$	
Jan-03	30.47	12.32	42.79	1.6818
Feb-03	31.13	11.50	42.63	1.6792
Mar-03	30.62	11.54	42.16	1.6419
Apr-03	29.94	12.06	42.00	1.6400
May-03	30.11	12.45	42.56	1.6743
Jun-03	31.57	12.77	44.34	1.7476
Jul-03	31.82	12.42	44.24	1.7355
Aug-03	31.59	12.45	44.04	1.7236
Sep-03	31.66	12.89	44.55	1.7534
Oct-03	31.81	11.54	43.35	1.7081
Nov-03	31.95	12.07	44.02	1.7397
Dec-03	32.21	13.28	45.49	1.7985

AUDIT EXHIBIT D

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.
COAL FUEL STOCKS - NUMBER OF DAYS OF SUPPLY (ALL PLANTS)
JANUARY 2003 - DECEMBER 2003

<u>MONTH</u>	<u>TONS BEGINNING OF MONTH</u>	<u>TONS RECEIVED DURING MONTH</u>	<u>TONS CONSUMED DURING MONTH</u>	<u>BALANCE END OF MONTH</u>	<u>NUMBER OF DAYS OF SUPPLY</u>
	TONS	TONS	TONS	TONS	DAYS
Jan-03	1,845,543	867,609	1,164,772	1,548,380	38
Feb-03	1,548,380	748,700	991,346	1,305,734	32
Mar-03	1,305,734	1,074,833	1,007,735	1,372,832	34
Apr-03	1,372,832	1,139,147	812,904	1,699,075	42
May-03	1,699,075	1,114,014	876,911	1,936,178	48
Jun-03	1,936,178	1,010,120	970,205	1,976,093	49
Jul-03	1,976,093	929,569	1,085,102	1,820,560	45
Aug-03	1,820,560	988,506	1,182,601	1,626,465	40
Sep-03	1,626,465	831,189	894,473	1,563,181	39
Oct-03	1,563,181	1,047,618	716,332	1,894,467	47
Nov-03	1,894,467	668,725	800,243	1,762,949	44
Dec-03	1,762,949	881,492	1,075,009	1,569,432	39

AUDIT EXHIBIT E

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.
 TOTAL BURNED COST (FOSSIL AND NUCLEAR) *
 JANUARY 2003 - DECEMBER 2003

<u>MONTH</u>	<u>COAL</u>	<u>OIL</u>	<u>GAS</u>	<u>EMISSION</u> <u>ALLOWANCES</u>	<u>NUCLEAR</u>	<u>TOTAL</u> <u>BURNED</u> <u>COST</u>
	\$	\$	\$	\$	\$	\$
Jan-03	57,702,368	4,887,294	16,088,697	879,158	9,708,056	89,265,573
Feb-03	49,210,108	3,934,985	4,043,749	756,522	9,041,926	66,987,290
Mar-03	49,052,752	1,893,400	3,516,133	810,591	8,105,205	63,378,081
Apr-03	39,309,282	1,351,295	2,869,532	620,546	8,798,975	52,949,630
May-03	43,090,984	3,287,431	4,131,319	751,852	8,119,532	59,381,118
Jun-03	46,610,977	4,976,596	3,840,148	783,363	9,099,440	65,310,524
Jul-03	52,134,627	602,211	21,019,678	860,527	9,590,784	84,207,827
Aug-03	57,129,704	759,749	19,707,235	925,183	9,340,924	87,862,795
Sep-03	43,692,797	544,132	6,980,180	760,542	9,234,611	61,212,262
Oct-03	34,433,437	679,584	2,101,766	580,044	9,882,567	47,677,398
Nov-03	38,997,418	673,196	2,932,073	627,460	9,160,246	52,390,393
Dec-03	53,130,812	1,053,807	2,654,286	641,097	9,809,957	67,289,959
TOTALS	564,495,266	24,643,680	89,884,796	8,996,885	109,892,223	797,912,850

* Includes Emission Allowances

AUDIT EXHIBIT F

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.

COST OF FUEL

JANUARY 2003 - DECEMBER 2003

<u>MONTH</u>	<u>COST OF FUEL</u> <u>BURNED</u> \$	<u>PURCHASE AND</u> <u>INTERCHANGE</u> <u>POWER FUEL</u> <u>COSTS</u> \$	<u>FUEL COST</u> <u>RECOVERED</u> <u>INTERSYSTEM</u> <u>SALES</u> \$	<u>TOTAL NET FUEL</u> <u>COST</u> \$
Jan-03	89,265,573	14,940,858	(24,641,626)	79,564,805
Feb-03	66,987,290	8,988,923	(18,633,957)	57,342,256
Mar-03	63,378,081	9,163,461	(21,053,742)	51,487,800
Apr-03	52,949,630	6,673,806	(11,026,435)	48,597,001
May-03	59,381,118	7,572,909	(10,259,058)	56,694,969
Jun-03	65,310,524	10,992,171	(11,568,252)	64,734,443
Jul-03	84,207,827	11,075,118	(15,442,516)	79,840,429
Aug-03	87,862,795	16,089,426	(19,050,496)	84,901,725
Sep-03	61,212,262	7,736,376	(10,186,018)	58,762,620
Oct-03	47,677,398	5,806,159	(10,816,506)	42,667,051
Nov-03	52,390,393	6,615,438	(10,700,449)	48,305,382
Dec-03	67,289,959	7,422,073	(15,034,167)	59,677,865
Total	797,912,850	113,076,718	(178,413,222)	732,576,346

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.
S.C. FUEL COSTS COMPUTATION
JANUARY 2003 - MARCH 2004

	ACTUAL					
	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003
Fossil Fuel	79,557,517	57,945,364	55,272,876	44,150,655	51,261,586	56,211,084
Nuclear Fuel	9,708,056	9,041,926	8,105,205	8,798,975	8,119,532	9,099,440
Purchased Power (2)	14,940,858	8,988,923	9,163,461	6,673,806	7,572,909	10,992,171
Sub-total	104,206,431	75,976,213	72,541,542	59,623,436	66,954,027	76,302,695
Less: Intersystem Sales	24,641,626	18,633,957	21,053,742	11,026,435	10,259,058	11,568,252
Net Fuel Costs	79,564,805	57,342,256	51,487,800	48,597,001	56,694,969	64,734,443
Total System KWH Sales	4,565,182,136	4,688,079,289	3,893,175,766	3,569,921,244	3,661,732,144	4,075,910,666
\$/KWH	0.01743	0.01223	0.01323	0.01361	0.01548	0.01588
Less: Base	0.01471	0.01471	0.01471	0.01471	0.01471	0.01471
Fuel Adjustment/KWH	(0.00272)	0.00248	0.00148	0.00110	(0.00077)	(0.00117)
S.C. KWH Sales	621,817,875	637,115,810	545,410,295	524,228,392	530,278,072	585,896,778
Deferred Fuel Entry	(1,691,345)	1,580,047	807,207	576,651	(408,314)	(685,499)
December 2002 (1)	(7,393,266)					
Cumulative Over/(Under)	(9,084,611)	(7,504,564)	(6,697,357)	(6,120,706)	(6,529,020)	(7,214,519)
Recovery						

Please Note:

The Audit Staff, as of this report in Audit Exhibit G, reflects Over-Recovery amounts without parentheses and reflects (Under) - Recovery amounts within parentheses. The Audit Staff wanted to be consistent with the Utilities Staff's reflection of Over (Under) Recovery amounts as shown in the Utilities Staff's exhibits of this report.

(Explanations for Notes (1) and (2) are on Page 3 of 3.)

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.
S.C. FUEL COSTS COMPUTATION
JANUARY 2003 - MARCH 2004

	ACTUAL							ESTIMATED		
	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	January 2004	February 2004	March 2004	
Fossil Fuel	74,617,043	78,521,871	51,977,651	37,794,831	43,230,147	57,480,002				
Nuclear Fuel	9,590,784	9,340,924	9,234,611	9,882,567	9,160,246	9,809,957				
Purchased Power (2)	11,075,118	16,089,426	7,736,376	5,806,159	6,615,438	7,422,073				
Subtotal	95,282,945	103,952,221	68,948,638	53,483,557	59,005,831	74,712,032				
Less: Intersystem Sales	15,442,516	19,050,496	10,186,018	10,816,506	10,700,449	15,034,167				
Net Fuel Costs	79,840,429	84,901,725	58,762,620	42,667,051	48,305,382	59,677,865	71,478,500	58,090,800	59,059,400	
Total System KWH Sales	4,740,812,028	4,881,815,390	4,676,918,356	3,655,650,278	3,553,534,328	4,425,923,122	4,530,204,400	4,187,951,000	4,116,501,000	
\$/KWH	0.01684	0.01739	0.01256	0.01167	0.01359	0.01348	0.01578	0.01387	0.01435	
Less: Base	0.01471	0.01471	0.01471	0.01471	0.01471	0.01471	0.01471	0.01471	0.01471	
Fuel Adjustment/KWH	(0.00213)	(0.00268)	0.00215	0.00304	0.00112	0.00123	(0.00107)	0.00084	0.00036	
S.C. KWH Sales	653,360,118	669,321,012	657,812,768	537,966,297	500,313,421	610,568,432	630,892,125	576,772,000	566,635,000	
Deferred Fuel Entry	(1,391,657)	(1,793,780)	1,414,297	1,635,418	560,351	750,999	(675,055)	484,488	203,989	
June 2003 - (p. 1 of 2)	(7,214,519)									
Cumulative Over/(Under)	(8,606,176)	(10,399,956)	(8,985,659)	(7,350,241)	(6,789,890)	(6,038,891)	(6,713,946)	(6,229,458)	(6,025,469)	

Please Note:

The Audit Staff, as of this report in Audit Exhibit G, reflects Over-Recovery amounts without parentheses and reflects (Under) - Recovery amounts within parentheses. The Audit Staff wanted to be consistent with the Utilities Staff's reflection of Over (Under) Recovery amounts as shown in the Utilities Staff's exhibits of this report.

(Explanations for Notes (1) and (2) are on Page 3 of 3.)

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc
Notes to Exhibit G
January 2003 – December 2003

- (1) Staff's cumulative (under)-recovery balance brought forward from December 2002 of (\$ 7,393,266) differs from the Company's beginning cumulative (under)-recovery balance from December 2002 by \$ 79,023. This beginning cumulative difference is based on Staff's corrections from the last fuel review period. It should be noted that the Company, in its testimony, includes an applicable adjustment of \$ 79,023 to March 2003's monthly deferred entry.
- (2) Staff's Purchased Power figures for January 2003 through December 2003 and the resultant over (under)-recovery monthly deferred fuel amounts for January 2003 through December 2003 reflects Staff's compliance with the recently revised section of the S.C. Fuel Statute (updated as of February 2004). This Statute addresses "fuel costs related to purchased power". Section 7 (2)(b) of the revised Statute stated that the delivered cost of economy purchases, including transmission charges, could be included in Purchased Power Costs if those type of purchases were proven to be "less than the purchasing utility's avoided variable costs for the generation of an equivalent quantity of electric power". After Staff applied this revised Statute to the examined economic purchases along with the applicable avoided cost, Staff's adjustment to Purchased Power Costs, on a total system basis, totaled \$ 6,806,574. As mentioned previously, according to the new Statute section, transmission charges could be included in the delivered cost of economy purchases. It should be noted that because of the current revisions to the S.C. Fuel Statute just recently passed in February 2004, the Company was not able to provide Staff with all of the transmission charges, as well as their source documents, that could have been applicable to the Company's economy transactions. However, the Audit Staff did examine and include economy purchases' transmission charges totaling \$ 13,545,364. Also, based on the new Statute section, after comparing the economy purchases (with the additions, when available, of transmission charges) to the Company's applicable avoided costs, Staff's avoided costs adjustment totaled (\$ 6,738,790). This figure reflects the usage of an avoided cost as a lesser price, at that point in time, over a purchase price. Staff examined the Company's monthly avoided cost figures and based on a comparison against the Company's economy purchases, Staff's avoided cost adjustment totaled (\$ 6,738,790). Therefore, the net effect, as mentioned previously on a total system basis to Purchase Power Costs is \$ 6,806,574, { \$ 13,545,364 + (\$ 6,738,790) }.

After Staff's adjustments, on a S.C. jurisdictional basis, Staff's cumulative (under)-recovery balances, as of actual December 2003 totaled (\$ 6,038,891) and as of estimated March 2004 totaled (\$ 6,025,469). The Company's cumulative (under)-recovery balance, on a S.C. jurisdictional basis, as of actual December 2003, per its testimony in Docket No. 2004-1-E, totals (\$ 6,038,886) and as of estimated March 2004 totals (\$ 6,025,464). The respective cumulative (under)-recovery balance difference, on a S.C. jurisdictional basis, between the Staff and Company as of actual December 2003 and as of estimated March 2004 is minimal (\$5).